

gain after distribution). Under paragraph (b)(2) of this section, the amount of the distribution of Security X that is treated as a distribution of money is reduced by \$5. The distribution of Security X is therefore treated as a distribution of \$115 of money to A (\$120 fair market value of Security X minus \$5 reduction). The portion of the distribution of the marketable security that is not treated as a distribution of money (\$5) is treated as other property for purposes of section 737.

(iv) A recognizes total gain of \$40 on the distribution. A recognizes \$15 of gain under section 731(a)(1) on the distribution of the portion of Security X treated as money (\$115 distribution of money less \$100 adjusted tax basis in A's partnership interest). A recognizes \$25 of gain under section 737 on the distribution of Property Y and the portion of Security X that is not treated as money. A's section 737 gain is equal to the lesser of (i) A's precontribution gain (\$100) or (ii) the excess of the fair market value of property received (\$20 fair market value of Property Y plus \$5 portion of Security X not treated as money) over the adjusted basis in A's interest in the partnership immediately before the distribution (\$100) reduced (but not below zero) by the amount of money received in the distribution (\$115).

(v) A's adjusted tax basis in Security X is \$115 (\$100 basis of Security X determined under section 732(a) plus \$15 of gain recognized by reason of section 731(c)). A's adjusted tax basis in Property Y is \$0 under section 732(a). The basis in A's interest in the partnership is \$25 (\$100 basis before distribution minus \$100 basis allocated to Security X under section 732(a) plus \$25 gain recognized under section 737).

(k) *Effective date.* This section applies to distributions made on or after December 26, 1996. However, taxpayers may apply the rules of this section to distributions made after December 8, 1994, and before December 26, 1996.

Margaret Milner Richardson,
Commissioner of Internal Revenue.

Approved: November 27, 1996.

Donald C. Lubick,
*Acting Assistant Secretary of the Treasury
(Tax Policy).*

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DEPARTMENT OF LABOR

Office of Labor-Management Standards

29 CFR Parts 402, 403, 404, 405, 406, 408, and 409

Submission of Computer-Generated Labor Organization and Auxiliary Reports

AGENCY: Office of Labor-Management Standards, Labor.

ACTION: Notice of policy.

SUMMARY: The Labor-Management Reporting and Disclosure Act of 1959, as

amended (LMRDA), provides for the reporting and disclosure of information on the financial transactions and administrative practices of labor organizations. The statute also provides, under certain circumstances, for reporting and disclosure of information by labor organization officers and employees, employers, labor relations consultants, and surety companies. The Department of Labor's Office of Labor-Management Standards (OLMS) has begun to receive required reports in a variety of computer-generated formats. OLMS has developed standards to ensure the uniformity of computer-generated reporting forms to assist persons who make approximately 10,000 requests to examine these reports each year. This notice of policy is to inform those who file reports of the standards for computer-generated reports.

EFFECTIVE DATE: December 26, 1996.

FOR FURTHER INFORMATION CONTACT: David Geiss, Chief, Section of Reports and Disclosure, Office of Labor-Management Standards, U.S. Department of Labor, 200 Constitution Avenue, NW., Room N-5119, Washington, DC 20210, (202) 219-7353 (this is not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background: While enacting the reporting provisions of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA), Congress expressed the belief that the labor-management process and union members, officers, and the public in general would benefit by having access to information about labor organizations, their officers and employees, employers, labor relations consultants, and surety companies. In particular, the disclosure of financial information about labor organizations was intended to help ensure their fiscal integrity. Consequently, labor organizations are required to file information reports, annual financial reports, and trusteeship reports. Labor organization officers and employees, employers, and labor relations consultants who engage in certain activities are required to file financial disclosure reports. Surety companies which issue bonds required by the LMRDA must file annual reports concerning their experience with such bonds. Section 205 of the LMRDA provides that these reports are public information.

Pursuant to section 208 of the LMRDA and 29 CFR Parts 402, 403, 404, 405, 406, 408, and 409, OLMS has prescribed and printed reporting forms to be used

to submit the required reports. In an effort to reduce the paperwork and reporting burdens on those who file required reports, OLMS has begun to accept computer-generated reports in lieu of the printed OLMS forms. However, to insure the integrity of public disclosure for union members and others who examine and study the reports, computer-generated reports must meet certain standards to ensure uniformity and compliance with the Congressionally mandated reporting requirements.

Current Actions: Computer-generated reports which are submitted to OLMS will be accepted only if in overall appearance and content they are virtually indistinguishable from the printed OLMS forms and their readability is equivalent to the readability of OLMS forms (Forms LM-1, LM-2, LM-3, LM-4, LM-10, LM-15, LM-15A, LM-16, LM-20, LM-21, LM-30, and S-1). For example, a form should meet the following criteria to be accepted as substantially identical to the corresponding printed OLMS form:

- * The form should be the same size (8½ by 11 inches) as the OLMS form.

- * The layout of each page should be the same as the layout on the OLMS form.

- * There should be no abbreviations or misspellings, and no additions or deletions of words.

- * The font-size, spacing, and boxes on the form should be substantially the same as those used on the OLMS form.

Computer-generated forms which are not substantially identical to OLMS forms will not be accepted as complying with the reporting requirements of the LMRDA and will be returned to the filer.

Dated: December 19, 1996.

John Kotch,

Acting Deputy Assistant Secretary.

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PENSION BENEFIT GUARANTY CORPORATION

29 CFR Parts 4000, 4022, and 4041

RIN 1212-AA75

Finding Aids; Benefits Payable in Terminated Single-Employer Plans; Termination of Single-Employer Plans

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Correction.

SUMMARY: On July 1, 1996, the Pension Benefit Guaranty Corporation published